

Frequently Asked Questions

Healthcare Flexible Spending and Health Reimbursement Accounts

What is a qualified expense?

The IRS describes a qualified expense as those expenses that would generally qualify as healthcare expenses.

What is substantiation?

HRA and FSA accounts have tax protection and as such the IRS requires that funds disbursed through a debit card must be “substantiated,” or verified, to ensure that funds were used only for qualified healthcare expenses. Examples of appropriate documentation include an itemized receipt from the provider or an insurer’s Explanation of Benefits (EOB). To be valid, the receipt must show the provider’s name, the patient’s name, the date(s) of service, the service(s) rendered, and the amount owed to the provider.

What is a run-out period?

Each year, members have until March 31 to use their prior year Healthcare FSA or HRA funds to pay for expenses incurred between January 1 and December 31 of the prior year.

What is a non-qualified expense (NQE)?

An NQE is an expense that is ineligible for reimbursement under IRS guidelines or an expense that was not “substantiated” (validated by the spending account member with adequate documentation).

How do I correct my account if I have an NQE that is ineligible for reimbursement?

If you cannot provide adequate documentation for an NQE or discover that the expense is not eligible for reimbursement under IRS guidelines, you must repay the expense. You can send a check or money order for the amount of the expense to Humana – make the check payable to Humana Insurance Company, as the spending account administrator for the Kentucky Employees’ Health Plan (KEHP), and send to:

Humana Spending Account Administration
P.O. Box 14167
Lexington, KY 40512-4167

What are the tax consequences related to NQEs?

IRS guidelines require that all FSA and HRA claims must either be verified as eligible expenses (substantiated) or repaid to the KEHP. Expenses that remain NQEs become taxable income per IRS guidelines. The KEHP is required by law to issue required tax forms for ineligible expenses.

What is meant by recouping from current year HRA funds?

To lower the amount of unsubstantiated claims reported to the IRS as income, KEHP takes money from the member’s current year HRA to repay the ineligible or unsubstantiated expense.

What if I sent in the documentation to substantiate an expense, but my claim is still on the NQE letter?

Contact Humana Spending Account Administration at 800-819-6204. If the documentation is not in the system, you will need to resend the appropriate documents to validate the expense.

Why are NQEs for years prior to the last plan year (2009-2011) included in this letter?

We are following all IRS guidelines in order to close prior plan years and report NQEs that remain open as taxable income as required by the IRS.

Who do I contact with questions related to FSA and HRA claims?

Contact Humana Spending Account Administration at 800-819-6204.

Where do I mail my substantiation documentation?

Humana Spending Account Administration
P.O. Box 14167
Lexington, KY 40512-4167

Humana's HRA and FSA Substantiation

It's as easy as 1, 2, and 3:

1.	<p>Why is <u>substantiation</u> necessary and how does it work?</p> <p>The IRS requires Humana to substantiate or verify that all expenses paid with your HRA/FSA dollars were eligible or qualified expenses under IRS guidelines.</p> <ul style="list-style-type: none">• Humana automatically verifies many claims based on the type of claim; however there are some claims that must be verified manually• If your claim cannot be automatically verified, you will receive a letter explaining which claim(s) needs to be verified and what documentation is required• The letter will provide a date by which verification (or repayment if an expense is not eligible) must be received in order to avoid suspension of your HumanaAccess Card• Verification documentation/repayment can be sent or faxed to: Humana Spending Account Administration P.O. Box 14167 Lexington, KY 40512-4167 Fax: 1-800-905-1851
2.	<p>If I receive a letter from Humana requesting documentation, exactly what do I need to send?</p> <p>Along with the letter you received, you must send valid receipt(s) that <u>MUST</u> include the following four items:</p> <ul style="list-style-type: none">• A description of the service or item received (this could be the medical code or it could be a description such as "contact lenses")• Who incurred the charge (the patient/customer's name)• The date the charge was incurred• The provider (Pharmacy, Physician, Hospital, etc.) <p>Note: <i>You can't use copies of cancelled checks, billing statements with a going forward balance or credit card receipts.</i></p>
3.	<p>What if I send substantiation documents and they are not all valid?</p> <p>If Humana receives invalid or incomplete documentation to verify a claim, a letter will be sent to you explaining what information was missing/or invalid. For example, if the documentation includes everything necessary except the date of service, you will receive a letter advising we could not verify your claim with the documents you submitted because the date of service was missing.</p>

Humana.com



Humana®